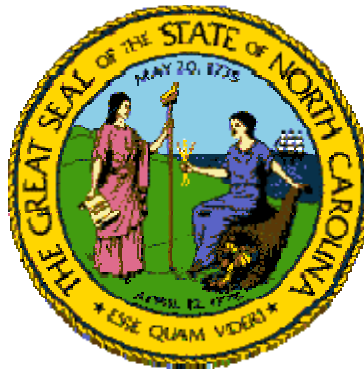


**Office of the State Controller
Agency IT Plan
2007 – 2009 Biennium**



October 1, 2006

**State CIO
Departmental/Agency IT Plans
2007-2009 Biennium**

Office of the State Controller IT Plan

October 1, 2006

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Chapter 1 - Departmental/Agency Strategic Business Initiatives and Major Business Requirements

The Office of the State Controller (OSC) was created in 1986 by the General Assembly of North Carolina and is responsible for ensuring proper financial reporting and accounting by all state agencies and institutions. The OSC provides leadership, guidance and consultation in all accounting matters, including prescribing policies and procedures which are at the forefront of proven financial management practices.

It is the mission of the Office of the State Controller to:

- Ensure proper financial reporting and accounting for all state agencies and institutions by providing leadership, guidance, and consulting in all accounting matters.
- Maximize the cash availability and ensure compliance with all applicable state and federal requirements by providing an effective statewide cash management system.
- Ensure that all state employees are accurately paid on a timely basis by providing an effective central payroll system and leadership, guidance and support to all payroll functions in state government.
- Encourage an enterprise approach to the business systems of state government, including the use of electronic commerce, where practical.
- Promote best business practices in the management of state resources.

In order to fulfill its mission, the OSC utilizes a number of automated systems, including the North Carolina Accounting System (NCAS), a comprehensive cash management program, a centralized payroll system serving a majority of state agencies, and the administration of a statewide appropriation and allotment control program.

The OSC has embarked upon several strategic programs to fulfill legislative mandates, ensure sound financial management that conforms to financial mandates and best practices, seek opportunities to expand E-Commerce, and continuously improve business processes by streamlining and standardizing key business processes. Some of these programs are described as follows.

Building Enterprise Access for NC's Core Operation Needs (Beacon) Program – Beacon is a statewide collaborative effort to transform the way we do business in North Carolina by modernizing and standardizing key business processes. With the implementation of SAP's Enterprise Resource Planning (ERP) software solution, the goal of Beacon is to build a foundation for management flexibility, increased efficiency, and improved access to information, ultimately enhancing the quality of services to

North Carolina's citizens. The Office of the State Controller (OSC), Information Technology Services (ITS), the Office of State Budget and Management (OSBM), the Office of State Personnel (OSP), and the Department of Transportation (DOT) are overseeing the implementation effort with the full support of Governor Easley and the General Assembly.

Statewide Electronic Commerce Program (SECP) - Since the passage of Senate Bill 222 in 1999, the OSC has taken the lead in expanding the State's electronic commerce program, specifically as it pertains to payments. The program has two primary components - Electronic Funds Transfer (EFT) Services and Merchant Card Services (credit and debit cards). The utilization of E-commerce has allowed the State to continue toward its goal of shifting away from a paper-based environment, for both outbound and inbound payments. Working in conjunction with the State Treasurer, it is the goal of the OSC to move North Carolina government closer to a paperless environment.

Payment Card Industry's (PCI) Security Compliance Program – The OSC is responsible for the statewide implementation of the PCI Security Compliance Program. The primary focus of this program is to help merchants improve the safekeeping of cardholder information by tightening their overall security standards, which in turn reduces their chances of experiencing security breaches, fraud, and potential catastrophic financial losses. The major payment card brands have mandated compliance of certain information security requirements for any merchant that “transmits, stores, accesses, or processes” cardholder information. Merchants found to be non-compliant with the respective security requirements may be subject to substantial fines and penalties. The OSC has contracted with a third-party vendor to provide a policy compliance tool and an automated vulnerability scanning tool that brings together the critical components of the Statewide PCI Security Compliance Program into a single, easy-to-use, web-based solution.

Statewide Foreign Nationals Compliance Program – The OSC is responsible for developing and implementing the policy and procedures that define the State's current business practices associated with the processing and payment of employee wages, scholarships, fellowships and grants, payments to independent contractors, and other compensation made by a state entity to a foreign national. To assist state entities with these requirements, OSC purchased an enterprise software solution which allows monitoring of the residency status of aliens and compliance with the complex tax rules associated with payments made to foreign nationals. Significant penalties (both financial and programmatic) may be imposed for non-compliance of these regulatory requirements. OSC also provides continuous training opportunities to state entities regarding the implementation of the policy and procedures, as well as the use of the enterprise software.

Statewide Internal Control Compliance Program – The OSC conducts internal control compliance reviews to proactively assist management with assessing their risk tolerance through the identification of existing or potential internal control weaknesses

within their operations. OSC is statutorily responsible for establishing internal control standards that define the minimum level of quality acceptable for internal control systems in state government. Through the internal control compliance reviews performed, OSC is able to monitor a state entity's compliance with prescribed internal control policies. These reviews are also intended to provide an educational opportunity for raising awareness across state government of the vital importance of appropriate internal controls and to educate entity personnel on internal control best practices.

In addition to the policies, procedures and best business practices that define each of these and other programs, the OSC utilizes information technology to help with the volume and complexity of associated data. For the most part, OSC uses COTS software residing on ITS-supported infrastructure to support the programs required to fulfill its mission.

Chapter 2 - Requirements for Transitioning Existing IT Activities/Resources

Current projects

The OSC currently has one active project in the Project Portfolio Management tool, the Beacon HR/Payroll Project. The primary purpose of the HR/Payroll Project is to develop, design and implement the SAP Human Resource and Payroll functionality for the State. This system will utilize leading industry practices to provide a foundation for effective management, increased efficiency, and the information needed to formulate required policies and make timely, appropriate decisions. This project is located in the Office of the State Controller and is governed by a steering committee comprised of representation from the Office of the State Controller (OSC), Information Technology Services (ITS), the Office of State Budget and Management (OSBM), the Office of State Personnel (OSP), and the Department of Transportation (DOT).

The BEACON HR/Payroll Project is funded through the current fiscal year. Additional funds will be requested in the upcoming legislative session for completion of the project as well as recurring operation and maintenance expenses.

Applications

Controller, Office of the State

(as of 09/01/06)

Application Name	Application Remediation Order	Application Criticality	Application Risk Score	Operational Performance Score	Architectural Fit Score	2006 Actual Application Costs
Common Payment Services	189.44	3 - Department Critical	46.00	90.56	6.60	434,644
Statewide Foreign Nationals Compliance Program	229.78	4 - Statewide Critical	22.00	92.22	8.10	53,823
Laser Check & ACH Payments	231.00	4 - Statewide Critical	58.00	70.00	5.70	189,133
PUBLIC WEB PRESENCE	269.00	4 - Statewide Critical	34.00	65.00	4.00	73,587
NCAS DSS DATA WAREHOUSE ***	284.00	4 - Statewide Critical	44.00	60.00	6.00	566,358
Cash Management Control System ***	286.00	4 - Statewide Critical	63.00	55.00	2.20	219,810
NORTH CAROLINA ACCOUNTING SYSTEM (NCAS) (ENTERPRISE SERVER) ***	294.00	4 - Statewide Critical	64.00	70.00	4.40	3,003,966
STATE PAYROLL ***	319.56	4 - Statewide Critical	74.00	54.44	2.90	842,889

The OSC currently supports eight applications. Some of these applications have been implemented recently, while others are older systems, both in technology and business functionality. The future migration plans for those eight applications are as follows.

Applications Requiring Remediation:

State Payroll

State Central Payroll is the largest of the State's payroll systems, supplying sixty-eight entities with the ability to manage payroll activities for more than 79,000 employees. There are approximately 286 active system users across the State. The system processes approximately 100,000 payroll transactions each month and generates over 100,000 W-2's annually. Payments are made via direct deposit or check.

The current system consists of the following processing cycles:

- Mid-Month Cycle
- Cancellation and Rewrite
- Monthly cycle
- Stop Orders
- Month-end Cycle

Additional functionality of the current system includes processing for: refunds, moving expenses, nurse's bonus, law enforcement allowances, education expenses, National Guard payroll, personal service contracts, student payrolls and telephone stop orders.

The system was developed over twenty years ago. Due to the age of the system, the technology and programs have limitations in both scope and business capability. The Application Portfolio Management (APM) application risk score is high, while the operational performance and architectural fit scores are quite low.

Because of these scores, it is obvious that the State Central Payroll system is in need of remediation. The Beacon HR/Payroll project will replace the State Central Payroll system along with the State's main human resource system, Performance Management Information System (PMIS). The Beacon HR/Payroll project is underway.

North Carolina Accounting System (NCAS) (Enterprise Server)

The North Carolina Accounting System (NCAS) is a fully integrated, online transaction processing system used by the majority of the agencies to process business transactions, post transactions to the statewide general ledger and provide business and financial reporting for all agencies and at the State level. There are approximately 5,600 users of NCAS. In addition, the agencies and universities that are not NCAS users, send summarized general ledger data to NCAS for financial reporting purposes.

The NCAS system currently provides the following functionality:

- Checks funds availability against the agency's budget and encumbers commitments via purchase orders interfaced from the E-Procurement system.
- Audits vendors' invoices against the corresponding purchase orders and receipts, and makes subsequent payments to vendors, either by check or electronically.
- Maintains inventory balances and values at agency warehouse locations.
- Tracks assets for using agencies, including capitalized assets as well as lower dollar, inventoried assets.
- Reconciles procurement card transactions daily for credit card purchases made by NCAS agencies.
- Tracks agency receivable transactions and balances.
- Maintains detailed general ledger transactions and balances for use in financial reporting.

NCAS is a mainframe COTS system that has been modified numerous times to meet the needs of its diverse customers. The NCAS software was first acquired and implemented in 1988 by the Department of Public Instruction. In the early nineties, OSC adopted the same software to create and implement a statewide financial system model. By 1995, the system was implemented in nearly all State agencies. Although the operational performance score in the APM tool is acceptable, the architectural fit score is low, and the application risk score is very high. Because of these scores, NCAS falls in the group of systems that require remediation.

Replacement of NCAS is planned to occur under the Beacon Program as the Beacon Budget/Financials project. High level timelines have been established that denote planning activities could begin July 2007 and an overall estimated completion date of July 2011. Because NCAS is so critical to agencies' financial and business requirements, OSC will perform ongoing maintenance as well as consider enhancing the current system between now and 2011, if the need arises.

Cash Management Control System

The Cash Management Control System (CMCS) is an online transaction processing system that records the daily flow of cash among State accounts. The system is utilized to record, track and control deposits, disbursements and allotments of cash to and from State accounts. The objective of CMCS is to help maximize the State's interest-bearing investment of cash and minimize idle and non-productive cash balances.

Approximately 1,400 users across the State use CMCS to certify the deposit of funds and to requisition funds to pay for goods and services.

CMCS was developed over twenty years ago. Due to the age of the system, the technology and programs have some limitations in scope and business capability. The Application Portfolio Management (APM) application risk score is high for CMCS, while the operational performance and architectural fit scores are quite low. Because of these scores, it is obvious that CMCS is in need of remediation.

Because sound cash management is an integral part of the State's financial operation, it is intended that the CMCS functionality be replaced as part of the Beacon Budget/Financials project. As plans now stand, the Beacon financials, and therefore the new cash management functionality, will be implemented July 2011. Due to major shortcomings with the current CMCS, enhancements to the current system may be considered prior to the implementation of the new financial system.

NCAS DSS Data Warehouse

The NCAS Decision Support System (DSS) is an information access and reporting tool that resides in the client/server environment, and is used by agencies for analyzing financial and budget data, and by OSC for preparing the State's Comprehensive Annual Financial Report (CAFR). DSS uses information which is stored in relational databases that have either been downloaded from the mainframe or exist in the client/server environment. In addition to the standard general ledger data, DSS also allows program managers to analyze outstanding commitments (encumbrances) to vendors for goods and services. Approximately 1,000 employees utilize DSS.

The system was established in 1996, a year after the NCAS implementation was completed. At this time, DSS uses the Informatica PowerCenter ETL tool to extract data from NCAS and maintains the data in an Oracle database. DSS uses Cognos Powerplay as the analytical and reporting tool. Although the application risk is moderate, and the architectural fit score is a 6.00, the operational performance score is low. DSS is due for remediation, however, due to the other changes in the State's financial systems.

Once the new budget/financial system is implemented in 2011, the extract process for DSS would have to change. Therefore, the Beacon Budget/Financials project will replace DSS with a new system when the new budget/financial system is completed.

Laser Check & ACH Payments

This system consists of tools for handling payments generated by the NCAS Accounts Payable Module and State Payroll. Over 1 million paper checks and \$5 billion worth of electronic payments are issued each year from this system.

Originally deployed in 1994, the laser checks are produced by programmable printers on blank check stock, usually created from payment files sent from the source payment system to BottomLine Technologies PayBase System. There are 40 check printers located throughout the state, with 120 people cleared to operate them.

The ACH payments are made through the BottomLine Technologies PayBase System. Electronic payment records are sent daily from NCAS to the BottomLine system, including bank account number and stub information. The BottomLine system sends the electronic payments through Wachovia, and at the same time, either e-mails or faxes the stub information to the payee. Stub transmittal is unique to PayBase, and is not available with Common Payment Services.

These applications have moderate scores in application risk and architectural fit, and the operational performance score is high. However, the source for much of the payment data will change as part of the Beacon Budget/Financials project, and therefore these systems will have to undergo revision.

Public Web Presence

OSC currently maintains two web sites: an internal site for OSC employees, and an external site for other government entities and the general public. The internal web site directs OSC employees to NCAS system administration documentation, agency policy, agency documentation, etc. The external site is geared toward users of OSC-supported systems, as well as the general public. The external site lays out policies, procedures, systems information, organizational information, etc.

Because so many of the links on both the internal and external sites point to system data for systems that will be replaced as part of the Beacon Program, the web sites also will undergo significant changes over the next several years.

Common Payment Services

Common Payment Services (CPS) is a gateway service provided by the OSC through the Office of Information Technology Services (ITS), to support electronic payments by State agencies. The CPS gateway provides transmissions of transactions to either Wachovia (ACH transactions), or to SunTrust Merchant Services (merchant card transactions).

There are two methods ACH transactions can be received by CPS. One is through the CPS Application Program Interface (API) on a "transaction by transaction" basis. The other method is the "batch" method, where the agency creates its own ACH file, using the standard ACH format, and transmits the file to CPS. CPS then builds batches from

all transactions submitted (API transactions and agency-batch transactions) and transmits one consolidated file to the bank.

The application risk score is moderately low, the architectural fit score is high, and the operational performance score is very high. The application should not require replacement until at least 2015. The CPS wrapper, however, which handles the electronic payments, needs to be more tightly integrated with the core credit card processing software and better supported technically. Therefore, the wrapper requires remediation. This initiative is underway and being led by ITS.

Applications Not Requiring Remediation:

Statewide Foreign Nationals Compliance Program

This is a statewide program implemented to assist State agencies, universities, community colleges and LEA's with the reporting and withholding of taxes associated with payments made to non-U.S. citizens in accordance with the laws and regulations of the U.S. citizenship and Immigration Services (USCIS) and the Internal Revenue Service (IRS). The program uses COTS software from Windstar Technologies, for which the OSC has an enterprise-wide license. The software helps agencies monitor the residency status of aliens and comply with the complex tax rules that apply to payments made to aliens.

Of all OSC applications, this application has the highest operational performance score, the highest architectural fit score and the lowest application risk score. This application should not require replacement until at least 2015. However, funds will be required in FY 2009 for software license costs.

Infrastructure assets

NCAS, Central Payroll, and CMCS are all mainframe applications running at ITS. The NCAS DSS resides on the ITS UNIX (SUN V-1280) in an Oracle environment. OSC utilizes ITS Web Services for hosting its public Web presence, and ITS-managed UNIX servers for Common Payment Services. ITS is providing the SAP infrastructure for the Beacon HR/Payroll project. OSC is responsible for the NCAS Accounts Payable and State Payroll check printing equipment at 40 agency locations throughout the State. OSC has various in-house UNIX, Windows and Novell servers.

OSC continually upgrades its client-server, network and user software as more and more vendors will only support the current version and one version behind current. OSC production databases were recently migrated from Sybase to Oracle in keeping with the State's technology direction.

OSC utilizes a four year replacement cycle for PC's, and a five year replacement cycle for servers, printers and network infrastructure (switches, firewalls, VPN, IPS). PC's are replaced typically in the spring and the power users always receive the new equipment. This allows for all equipment to be brought into the LAN area for a technology refresh of software and for the power users to always have the best equipment during the CAFR cycle. The NCAS Accounts Payable and State Payroll check printing equipment is on a five year replacement cycle.

In accordance with North Carolina General Statute §143B-472.42, OSC utilizes services from ITS for all of its voice and data communication needs. All employees are provided voice and data access, including access to the Internet, at their individual workstation. OSC is on the fiber optic backbone. At the present time, OSC has an internal policy that does not allow the use of wireless, although broadband access is being explored.

OSC has chosen the principles of Cisco's secure blueprint for enterprise networks (SAFE) to provide best practice information in designing and implementing secure networks. OSC also utilizes automated patch management and requires two-factor authentication for sensitive access from the outside. A recently completed security audit identified OSC as having a very mature security posture. In the past, OSC has not been impacted by HIPPA requirements. However, the Beacon HR/Payroll project presents a change. An analysis is underway to assess HIPPA requirements related to the Beacon HR/Payroll project. Appropriate measures will be taken to meet any needs identified.

During the last year, OSC upgraded network speeds to 100 MBS, implemented ESAP, and migrated to NC-Mail. OSC participates in all ITS sponsored Disaster Recovery exercises and maintains a warm site and off-site storage of backup data and equipment at the NCAS Training Room on the 7th floor of the Education Building located in downtown Raleigh.

Operations/IT management

OSC uses the Project Portfolio Management (PPM) and Application Portfolio Management (APM) tools to insure a comprehensive review process for all projects and applications as they progress through the lifecycle of IT investments. OSC will leverage the Investment Portfolio Management (IPM) tool when it becomes available from ITS. OSC will continue to leverage project management tools and techniques as made available from ITS. OSC will continually improve project management expertise internally by using defined processes, templates and procedures that support SB 991 requirements.

OSC effectively conducts planning, budgeting and maintenance for information technology components. OSC primarily utilizes ITS for application infrastructure and routinely participates in all ITS sponsored Disaster Recovery exercises. OSC has a mature security presence, and utilizes internal tools and practices for asset

management. The State has adopted the Information Technology Infrastructure Library (ITIL) framework for a best practice approach to support programs in achieving both quality and cost values. OSC will partner with ITS to leverage ITIL principles and practices as appropriate for OSC.

Human resources

Significant staffing changes have occurred at OSC as part of the Beacon HR/Payroll project. OSC contracted with a vendor under the ITS Technical Services Contract to perform implementation activities for the Beacon HR/Payroll project. OSC added 52 state employee positions for the Beacon HR/Payroll project implementation, as well as to perform ongoing operations and maintenance functions once implementation is complete. Additional procurement efforts are planned for other components of the Beacon HR/Payroll project which were not included in the contract. These functions include data migration, shared services implementation, and end-user documentation and training.

Work scheduled to occur as part of the Beacon Budget/Financials project will also require use of outside contractors. As such, human resource requirements will be analyzed on an ongoing basis as OSC undergoes transition. The use of the vendor community will be leveraged when internal skill sets are not available and it is in the best interest of the state to utilize contractors.

Chapter 3 - IT Specific Economic-Driven Requirements or Opportunities

With the Beacon Program, OSC has embarked upon a strategic initiative provide a foundation for effective management, increased efficiency, and the information needed to formulate required policies and make timely, appropriate decisions. The Beacon Program will provide opportunities for standardization, consolidation and complexity reduction. As a result, all agencies and entities that are a part of the Beacon Program will benefit as will the OSC. Ultimately, the public benefits from the opportunity for enhanced quality of services to North Carolina's citizens

The continued growth of e-commerce, specifically electronic payments, continues to result in cost reductions in paper, document storage and postage, as well as reduced likelihood of fraud.

Chapter 4 - IT Initiatives Developed From and Aligning With Plan Drivers

Initiative 1

Name/Title: Beacon Budget/Financials Requirements

Summary Description:

This project will be the first step in implementing new budgeting and financials software for State agencies. Agencies will be invited to participate in defining the requirements to be met by the new system, including requirements for general ledger, purchasing, accounts payable, inventory, fixed assets, accounts receivable, project tracking, grant tracking, and equipment maintenance.

Major objectives to be achieved and benefits/value to the State:

In order to design a budget/financials system that meets the needs of all using agencies, the Beacon team must determine the agencies' requirements. As always, the goal of the project would be to use the SAP system "plain vanilla" (without modification), and an effective requirements gathering project allows the project team to determine how that can be done. However, if there is a strategic requirement that cannot be accomplished without modification, it is important to know that early in the project, in order to plan appropriately.

Timeframe:

This initiative is anticipated to begin July 2007 and be completed by the end of 2009.

Relationship with other agency initiatives/projects:

Collaboration with the Department of Transportation (DOT) will be required as DOT currently uses the SAP financials software. Also, there will be many interfaces between the State's new budget/financials system and agency sub-systems, and the time to begin determining the need for those interfaces is in the requirements gathering phase.

Relationship with statewide initiatives/projects:

This initiative touches several statewide initiatives. First, with such a large project, OSC is managing for superior results. Second, Beacon is a statewide initiative, combining financial data from all agencies and universities for consolidated reporting, and providing a common tool for performing standard business transactions for most agencies. Therefore, this initiative will be consolidating common shared technical infrastructure and technical services for greater savings and better operational performance.

Order-of-magnitude costs:

The cost of this initiative is expected to be in the PPM tool cost category of “between \$500,000 to \$3 million.”

Initiative 2

Name/Title: Beacon Budget/Financials Procurement

Summary Description:

This project will prepare the State to create a work plan and timeframe for implementing the new budget/financials system, and to staff the project team accordingly.

Major objectives to be achieved and benefits/value to the State:

This initiative will result in a comprehensive RFP, inviting qualified entities to propose a cost and methodology for designing and implementing a new budget/financials system for the State. This process not only allows the State to get the best pricing for implementation services, but also to preview the project team experience and skill sets, before making a final selection.

Timeframe:

This initiative is anticipated to begin January 2009 and be completed by summer 2009.

Relationship with other agency initiatives/projects:

Lessons learned will be leveraged from OSC and other state agencies that have previous experience contracting for major system implementation projects.

Relationship with statewide initiatives/projects:

This initiative touches several statewide initiatives. First, with such a large project, OSC is managing for superior results. Second, Beacon is a statewide initiative, combining financial data from all agencies and universities for consolidated reporting, and providing a common tool for performing standard business transactions for most agencies. Therefore, this initiative will be consolidating common shared technical infrastructure and technical services for greater savings and better operational performance.

Order-of-magnitude costs:

The cost of this initiative is expected to be in the PPM tool cost category of “less than \$100,000.”

Initiative 3

Name/Title: Beacon Budget/Financials Implementation

Summary Description:

The Beacon project team will design the system to meet the requirements established during the requirements gathering phase, and then will implement the system with the using agencies.

Major objectives to be achieved and benefits/value to the State:

This initiative will result in a new and improved budget/financials system for State agencies. The system will cover a broader range of functionality than the current NCAS and will correct a number of functional shortcomings. In addition, the new system will meet the State’s architectural standards, which assures technical support will be available for the foreseeable future.

Timeframe:

This initiative is anticipated to begin July 2009 and be completed in summer 2011.

Relationship with other agency initiatives/projects:

The design of this system must consider the many interfaces required with other agency systems, including general ledger, accounts payable, purchasing and banking interfaces. Collaboration with the DOT will be required as this agency currently uses the SAP financials software.

Relationship with statewide initiatives/projects:

This initiative touches several statewide initiatives. First, with such a large project, OSC is managing for superior results. Second, Beacon is a statewide initiative, combining financial data from all agencies and universities for consolidated reporting, and providing a common tool for performing standard business transactions for most agencies. Therefore, this initiative will be consolidating common shared technical infrastructure and technical services for greater savings and better operational performance.

Order-of-magnitude costs:

The cost of this initiative is expected to be in the PPM tool cost category of “greater than \$3 million.”

Initiative 4

Name/Title: Beacon Analytics

Summary Description:

Many agencies have data warehousing requirements that can take advantage of the State’s enterprise licensing for data warehouse products, as well as the ITS Shared Services for data warehousing. As these enterprise projects are identified, the OSC will review and support these initiatives. In addition, as part of the effort to implement the Beacon budget/financials system, a data warehouse may be created to house financial data from non-SAP entities.

Major objectives to be achieved and benefits/value to the State:

Data that is enterprise in nature should be made available for agency use, as well as at the enterprise level. As such, the State must design warehouses to fulfill statewide reporting requirements, business analytic needs, and program monitoring and compliance goals. This allows entities, such as the General Assembly and oversight agencies to have ready access to data from multiple systems. Compilation of such data today is both time-consuming and expensive.

Timeframe:

This initiative will occur simultaneously with the Beacon HR/Payroll and Beacon Budget/Financials projects under the Beacon Program.

Relationship with other agency initiatives/projects:

This is a unique application, where agencies design their warehouses to serve their own requirements, but where the State also can benefit by capturing those data elements that are pertinent for statewide reporting purposes.

Relationship with statewide initiatives/projects:

This initiative will eventually use data from the Beacon Program (payroll, human resources, financials, budget, tax and revenue), as well as other agency warehouses. In addition to the SAP Business Warehouse, the initiative can leverage the State’s enterprise licensing for data warehouse products and the ITS data warehouse shared services to consolidate and analyze data. This initiative will consolidate common

shared technical infrastructure and technical services for greater savings and better operational performance.

Order-of-magnitude costs:

The cost of this initiative is expected to be in the PPM tool cost category of “between \$500,000 to \$3 million.”

Initiative 5

Name/Title: Cash Management Control System Assessment

Summary description:

The primary objective of the CMCS assessment is to evaluate the application to identify risks and opportunities for improvement. This assessment will focus on three areas. First, a system assessment and functional assessment will identify the business practices and processes of the Cash Management function and determine the effectiveness of the system in meeting client requirements. Second, the assessment will identify and define areas of technical and business risk and deficiencies that could hinder the ability to adequately address the state’s current and future cash management directives. Finally, the assessment will review current system documentation and user guidelines/procedures to ensure that information is current and readily available.

Major objectives to be achieved and benefits/value to the State:

Outcomes of this initiative include improved system documentation for agency and OSC personnel, improved operational efficiency and support, and reduced risk of system unavailability and loss of productivity

Timeframe:

The assessment is underway with an anticipated completion by the end of 2006.

Relationship with other agency initiatives/projects:

CMCS will remain in production until the cash management functionality is incorporated into the SAP Financials initiatives. The system assessment will identify technical and operational inefficiencies, provide system documentation that will facilitate uniformity of operations, and provide system documentation for future SAP development activities.

Relationship with statewide initiatives/projects:

The Cash Management Control System (CMCS) is a mission critical application that has served a vital role in providing essential cash management processes for the State for

more than twenty years. CMCS is a legacy, online transaction based system that records the daily cash flows that affect the budgetary and monetary accounts of the State. Approximately 1,400 users across the state use CMCS to certify the deposit of funds and requisition funds to pay for goods and services provided to the State.

Interruptions in system availability and operational support challenges require an assessment of the current application to determine measures for risk reduction and improved efficiency. Operational efficiency and reliable system availability are critical to maintaining the system's viability until incorporation into the new budget/financials system.

Order-of-magnitude costs

The cost of this initiative is expected to be in the PPM tool cost category of "less than \$100,000."

Initiative 6

Name/Title: Website Redesign Project

Summary description:

This project will redesign the existing websites for OSC and the BEACON Program. The redesign will more closely relate the website sections reporting under OSC.

Major objectives to be achieved and benefits/value to the State:

The OSC external web pages (<http://www.ncosc.net>) are the gateways through which the public, state agencies served by the OSC, and OSC staff access information necessary for a clear understanding of OSC work, documents available under the Public Records Act, requirements and forms used in statewide accounting activities, and other information on OSC operations. The web pages presently are not intuitive and do not package information in a user-friendly manner. This initiative will update the main website and section pages to make them user-friendly and navigable.

The Beacon Program website (<http://beacon.nc.gov>) is a new website dedicated to sharing information about the benefits and progress of the Beacon Program. Key program stakeholders, such as state agency executives, legislators, state agency employees, and technology vendors use the Beacon website for timely information about the program. Also, the Beacon website design is not related to the OSC website, though the OSC is the sponsoring agency of the Beacon Program. This initiative will provide additional functionality and a uniform design that is in line with the OSC main page.

Timeframe:

The initiative is underway with an anticipated completion of spring 2007.

Relationship with other agency initiatives/projects:

This project is in conjunction with the Beacon HR/Payroll project. Because the Beacon Program is an integral part of OSC, it is best to align the redesign of the OSC website and the further development of the Beacon Program site together.

Relationship with statewide initiatives/projects:

The OSC websites are used for providing all documentation for several applications supported and managed by OSC (NCAS, CMCS, Central Payroll, etc. - as well as Beacon in the future). These website provide on-line up-to-date information on using these systems including but not limited to: manuals, step-by-step procedures with screen captures, policies – both statewide and agency specific, and system status updates.

Order-of-magnitude costs:

The cost of this initiative is expected to be in the PPM tool cost category of “less than \$100,000.”

Initiative 7

Name/Title: NCAS Debt Setoff

Summary Description:

In General Statute 147-86.25, the NC General Assembly directed the OSC to implement a statewide setoff debt collection program to provide for collection of accounts receivable that have been written off. This directive will be met using NCAS payments to setoff uncollectible receivables, where applicable.

Major objectives to be achieved and benefits/value to the State:

State agencies have millions of dollars of uncollectible receivables. Some of the entities that owe money to State and local agencies may be doing business with, and receiving payments from, NCAS agencies. This initiative will allow NCAS nightly payments to be compared to an uncollectible receivables file, and, in the case where the vendor owes money to the State, allow NCAS payments to be diverted from the debtor (NCAS vendor) to the creditor agency. The potential amount of uncollectible receivables that may be recovered via NCAS payment diversions is unknown at this time.

Timeframe:

This initiative will begin in the fall of 2006 and will be completed in the summer of 2007.

Relationship with other agency initiatives/projects:

The NC Department of Revenue (DOR) already has a working debt setoff system in place to divert tax refunds from individual debtors to the appropriate creditor agencies. Unlike the OSC initiative, the DOR debt setoff program sets off debts only for individual debtors, and excludes debts of companies and organizations. As a result, the OSC initiative cannot utilize the same agency-produced uncollectible receivable files used by the DOR debt setoff program. In addition, due to confidentiality rules, DOR cannot provide OSC with a list of delinquent taxpayers for inclusion in the NCAS debt setoff initiative.

Relationship with statewide initiatives/projects:

In the future, the Beacon Budget//Financials project will deliver this functionality. A transition will occur at that time.

Order-of-magnitude costs:

The cost of this initiative is expected to be in the PPM tool cost category of "less than \$100,000."

Initiative 8

Name/Title: Enhanced Business Processes

Summary Description:

During the next biennium, the OSC intends to better utilize technology to fulfill its responsibilities, both to State agencies and the general public. The initiative offers an opportunity to improve the communication and collaboration that must occur between OSC and the agencies and entities it serves, as well as the public.

Major objectives to be achieved and benefits/value to the State:

The OSC seeks opportunities to improve efficiency and offer improved services to agencies, entities and the general public. Current business processes will be evaluated to determine opportunities for improvement as well as incorporation of technology. Examples include updating the methods of collecting, managing and disseminating information. Also, forms that are currently mailed or e-mailed to all agencies and universities could be placed on the OSC web site for easy retrieval.

Timeframe:

This initiative will begin in the fall of 2006 and will continue throughout the biennium.

Relationship with other agency initiatives/projects:

This initiative will consider other agency initiatives as appropriate.

Relationship with statewide initiatives/projects:

This initiative will leverage ITS services where appropriate for greater savings and better operational performance. Disseminating information via the OSC web site reduces both mail and e-mail, and also saves time for the recipients.

Order-of-magnitude costs:

The cost of this initiative is expected to be in the PPM tool cost category of “less than \$100,000.”

Initiative 9

Name/Title: Document Management

Summary description:

Electronic filing of various forms processed and maintained by the OSC.

Major objectives to be achieved and benefits/value to the State:

The OSC Support Services Section is responsible for maintaining the statewide trade vendor file. As a part of this maintenance there are approximately 35,000 documents that are currently maintained in paper format. In addition to the vendor documentation, there is approximately 68,400 security paper files maintained. There is a total of 138,000 pieces of paper currently maintained by the Support Services Section. By moving to an electronic filing system with indexing capabilities, we can eliminate the use of eight five-drawer file cabinets and allow our specialists to be able to access documents more quickly and efficiently via a document management system. Additionally, document management requirements related to the Beacon HR/Payroll project are being considered.

Timeframe:

Analysis of agency requirements is underway. Work effort for this initiative is expected to occur over the next fiscal year.

Relationship with other agency initiatives/projects:

OSC is evaluating current document management requirements along with potential requirements resulting from the Beacon HR/Payroll project.

Relationship with statewide initiatives/projects:

OSC is exploring the options and opportunities of using the enterprise solution offered by ITS.

Order-of-magnitude costs:

The cost of this initiative is expected to be in the PPM tool cost category of “less than \$100,000.”